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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
North American Numbering Council	)	
Recommendations Regarding The North	)	CC Docket No. 92-237
American Numbering Plan Administrator,	)	
Billing and Collection Agent, and	)	
Related Rules	)	

REPLY COMMENTS OF WORLDCOM, INC.

WorldCom, Inc. ("WorldCom") hereby files its reply comments in response to the initial comments filed by other parties concerning the Public Notice released by the Commission on May 19, 1997 in the above-captioned proceeding.

I. INTRODUCTION AND SUMMARY

WorldCom's initial comments support many of the fundamental points expressed by the North American Numbering Council ("NANC") in its May 16, 1997 report concerning selection of the North American Numbering Plan Administrator ("NANPA") and the Billing and Collection Agent ("NANC Recommendation"). Although WorldCom does not necessarily oppose the recommended selection of Lockheed Martin as the NANPA to replace BellCore and assume the responsibilities of the Central Office Code administration, WorldCom stated that it favors Mitretek's selection instead and urged the Commission to carefully review the relative merits of both parties' application. However, WorldCom indicated that it strongly opposed the recommended selection of NECA as the Billing and Collection ("B&C") Agent, and urged that Lockheed Martin or another competitively-neutral entity be selected to perform the B&C functions.

In its reply, WorldCom will focus on a few key points raised by the relatively small number of parties that also filed initial comments concerning the NANC Recommendation.

II. WORLDCOM CONTINUES TO FAVOR MITRETEK'S SELECTION AS NANPA

WorldCom continues to believe that Mitretek presents a more compelling case than Lockheed Martin to become the new NANPA. This is due largely to the thorough consideration and well-supported recommendation by the NANPA Working Group. In particular, WorldCom agrees with the Working Group that adequate staffing levels and relevant experience are integral to the successful performance of the NANPA.

It should be noted, as SBC correctly points out, that the FCC's own Number Administration Order estimated that projected staffing requirements for NANPA to carry out its functions were between 40 and 50 people.[1] This single projection was the only reference point that potential vendors could look to when developing their proposals. As it turns out, Mitretek's proposed staffing level is much closer to this range than Lockheed Martin's total.

Although WorldCom would not oppose it if the Commission's ultimate selection should be Lockheed Martin over Mitretek, the Commission first should impose several important conditions on Lockheed Martin. First, Lockheed Martin must agree to surrender any and all

[1] SBC Comments at 6; see Administration of the North American Numbering Plan, CC Docket No. 92-237, Report and Order, July 13, 1995, at para. 94 ("Numbering Administration Order").

intellectual property developed in the future under its role as NANPA. Second, Lockheed Martin must abide by stringent safeguards to guarantee a smooth transition, and efficient and effective management. Such safeguards should include direction to provide copies of all documentation of all transactions and procedures, and to document practices on a forward-going basis as they are developed to resolve issues. Additionally, any entity selected as NANPA must assent to investigation by a successor of all pertinent files regarding any facet of the business, and to craft a suitable transition plan subject to NANC approval. Third, Lockheed Martin must commit to upholding the all-important concept of competitive neutrality, and take steps to ensure strong internal checks to prevent abuses. With these conditions in place, and the other issues discussed in WorldCom's initial comments resolved, Lockheed Martin could be a satisfactory, if not optimal, choice as NANPA.

III. WORLDCOM OPPOSES NECA'S SELECTION AS BILLING AND COLLECTION AGENT

WorldCom strongly opposes the recommended selection of NECA as the Billing and Collection ("B&C") agent. There is little chance that NECA, either as currently comprised or as proposed in the future, will operate in a fair, competitively neutral fashion.

First, WorldCom disagrees with both NECA and the National Telephone Association's ("NTCA's") assessment that an independent board to govern NECA is unnecessary, and instead that an "advisory board" or "oversight council" is more than sufficient.[2] NECA's newest proposal is very disappointing, if not alarming, on several fronts. First, an advisory board or oversight council lacks the meaningful authority that an independent board of directors typically possesses, and thus would be wholly unable to exert any positive supervision over NECA to safeguard against anti-competitive actions, or indeed to exorcise such actions if they occur. While WorldCom believes that an "independent board" as originally proposed and defined by NECA still would have had its share of bias problems, an "oversight council" is a far cry from even such a board, and would not provide an effective check on NECA's partiality. Normally, a B&C agent might be expected to make independent judgments regarding policy implementation, such as analyzing, questioning, accepting, and disallowing various types of financial information for the purpose of calculating assessments to recover costs. Placed in such a role, NECA employees will be unable to avoid their natural preference for the same entities that sign their paychecks -- the ILECs. Thus, if NECA is chosen as B&C agent, at minimum its activities must be strictly circumscribed and supervised by a specific branch of the FCC.

Indeed, judging from the tone and content of NECA's comments, the organization appears blissfully unaware of the simple fact that it is not, and never will be, competitively neutral, as long as it retains its current exclusive membership of ILECs. Thirteen years after

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[2] NECA Comments at 2-3; NTCA Comments at 2.

divestiture, NECA still cannot bring itself to integrate its membership with the veritable alphabet soup of competitive companies (IXCs, CLECS, CAPs, CMRS providers, etc.). Without such wholesale integration, NECA's newly-proposed oversight council is merely a milquetoast solution to a serious problem of partiality.

NECA warns in its comments that an independent board of directors -- its own original proposal -- would not be "cost effective," "justified," or "necessary," and in fact would be "administratively burdensome and would require unnecessary expenditures for staff and related expense."[3] Nowhere does NECA provide any estimate of these costs, however, or indeed any supporting documentation at all for its conclusion. Given this complete lack of evidence, WorldCom is skeptical that any such cost support actually exists.

More than the flawed reasoning and shoddy support, however, NECA has shown its true colors by its abrupt and unwarranted about-face on its earlier commitment to a separate, independent board of directors to guide the B&C agent. NECA's all too eager willingness to dump its own proposal once it secured the NANC recommendation is telling. By backpedaling from its stated intention to accommodate a specific request by NANC, NECA gives the appearance of not taking the NANC seriously on this point. This suggests that future non-conformity with established policies and regulations may be expected from NECA. Whatever the outcome of the selection process, the Commission should carefully review the dubious

[3] NECA Comments at 2 n.7.

circumstances surrounding NECA's newest in a series of contradictory proposals.

In its comments concerning NECA's bid to become administrator of the FCC's universal service program, WorldCom proposed several far-reaching rule changes that, if adopted and implemented, might make NECA a more viable candidate for a competitively-neutral administrator position.[4] WorldCom suggested the following changes:

First, the FCC must revise Rule 69.602 to require NECA to completely balance its Board of Directors with non-ILEC interests. A key component of this process is to reduce ILEC representation on the Board in absolute terms, not merely add a few non-ILEC representatives. WorldCom suggests that a Board totaling between 15 and 18 members is optimal. Of this total Board, a maximum of three members should represent the ILECs, with each one of the three current ILEC "subsets" assigned a Board seat.[5] The remaining Board slots should be divvied up among IXCs, CLECs, CMRS providers, other affected parties, and public representatives (e.g., the FCC and NARUC). For purposes of this proceeding, WorldCom would include two international representatives from other North American regions or countries, such as Canada and the Caribbean. At no time should the total of ILEC slots surpass the total of IXC and CLEC slots. In this way, NECA will have no choice but to allow all industry segments to be fully and fairly represented on the Board, so that the ILECs no longer have a controlling position in the organization.

[4] Comments of WorldCom, Inc., CC Docket No. 97-21, filed March 3, 1997, at 6-7.

[5] See 47 C.F.R. § 69.602(a).

Second, Rule 69.601(b) must be revised to open up full voting membership in NECA to all interested parties, including IXCs and CLECs. NECA cannot hope to become a truly neutral entity unless and until its membership accurately reflects the breadth and depth of the telecommunications industry. In order to prevent the ILECs from simply voting their overwhelming numbers, the Commission should create separate membership categories, with each category possessing voting power commensurate with its Board representation.

Third, WorldCom does not at this time suggest any changes to the composition of NECA's professional staff. However, Rule 69.602 should be revised to grant the reformed Board express authority over the hiring of professional staff and other personnel.

Finally, Rule 69.601 should be amended to require that NECA comply fully with the neutrality principles articulated by the NANC. NECA's selection as B&C Agent should be conditioned on continuing compliance with these principles. Annual certifications, under oath, should attest that this compliance is actually taking place.

Without these types of fundamental structural changes -- codified and enforced by FCC rules -- NECA's current structure does not begin to satisfy the standard of competitive neutrality. For purposes both of the universal service proceeding and this one, WorldCom urges the Commission to adopt rules that require NECA to abandon its historic roots in the ILEC industry and take the necessary steps toward true neutrality.

IV. CONCLUSION

The Commission should adopt WorldCom's views concerning the NANC's recommendations on NANPA.

Respectfully submitted,

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July 3, 1997

CERTIFICATE OF SERVICE

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